

Message Text

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FOR EUR/RPE PAUL LAASE

E.O. 11652: N/A
TAGS: OECD, ECON,
SUBJECT: OECD MINISTERIAL: DRAFT COMMUNIQUE

QUOTED BELOW IS THE TEXT OF THE DRAFT COMMUNIQUE FOR THE
JUNE 14-15 OECD MINISTERIAL MEETING. THIS WILL NOW BE
DISCUSSED AT A HEADS OF DELEGATION MEETING AT 3:30 P.M.
FRIDAY, JUNE 9. (THE JUNE 6 MEETING WAS CANCELED.) ANY
WASHINGTON COMMENTS SHOULD BE RECEIVED IN TIME FOR
THE JUNE 9 MEETING.

BEGIN TEXT:

DRAFT COMMUNIQUE

1. THE COUNCIL OF THE ORGANISATION FOR ECONOMIC CO-
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OPERATION AND DEVELOPMENT MET AT MINISTERIAL LEVEL ON
JUNE 14-15 UNDER THE CO-CHAIRMANSHIP OF
MR. KIICHI MIYAZAWA, JAPANESE MINISTER OF ECONOMIC
PLANNING, AND MR. NOBUHIKO USHIBA, MINISTER FOR EXTERNAL
ECONOMIC AFFAIRS.

2. AGREEMENT WAS REACHED ON THE MAJOR COMPONENTS OF A

BROAD PROGRAMME OF INTERNATIONALLY CONCERTED ACTION BY MEMBER COUNTRIES TO ACHIEVE MORE SUSTAINED ECONOMIC GROWTH. AGREEMENT WAS ALSO REACHED ON THE DIFFERING RESPONSIBILITIES OF INDIVIDUAL MEMBER COUNTRIES IN CONTRIBUTING TO FASTER GROWTH, GREATER PRICE STABILITY, BETTER PAYMENTS EQUILIBRIUM AND STRENGTHENED ENERGY POLICIES. RECOGNISING THAT THE MAINTENANCE OF AN OPEN MARKET-ORIENTED ECONOMIC SYSTEM IS AN ESSENTIAL PART OF THIS PROGRAMME, MINISTERS RENEWED THEIR DECLARATION OF MAY 30, 1974 (THE "TRADE PLEDGE") AND DECIDED TO ENDORSE SOME GENERAL ORIENTATIONS FOR A SHIFT FROM DEFENSIVE TO MORE POSITIVE POLICIES TO FACILITATE THE STRUCTURAL ADJUSTMENTS NEEDED TO SUSTAIN FASTER ECONOMIC GROWTH.

3. RECOGNISING THAT THE PROSPERITY OF THE OECD COUNTRIES CANNOT BE PURSUED IN ISOLATION, MINISTERS ALSO CONSIDERED THE IMPLICATIONS OF THE GROWING ECONOMIC INTERDEPENDENCE BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES OF THE WORLD.

I. THE ECONOMIC BACKGROUND

4. MINISTERS NOTED THAT, DESPITE THE DIFFICULT ECONOMIC CONDITIONS OF RECENT YEARS, WORLD DEPRESSION HAS BEEN AVOIDED, INFLATION HAS BEEN SIGNIFICANTLY REDUCED, THE LIMITED OFFICIAL USE

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RISE OF UNEMPLOYMENT HAS BEEN TEMPERED IN MANY MEMBER COUNTRIES BY SPECIAL MANPOWER AND EMPLOYMENT POLICIES, AND INTERNATIONAL FINANCIAL MARKETS HAVE HELPED TO ALLEVIATE THE PROBLEMS POSED BY LARGE TRADE IMBALANCES INSIDE AND OUTSIDE OECD. NONETHELESS, THE RECORD OF RECENT YEARS IS IN MANY WAYS DISAPPOINTING AND REQUIRES CORRECTION: UNSATISFACTORY GROWTH RATES; INSUFFICIENT JOB-CREATION; INFLATION THAT IS STILL TOO HIGH; DISTURBED INTERNATIONAL MONETARY CONDITIONS; INCREASING PRESSURES FOR GOVERNMENT INTERVENTION WHICH INHIBITS MARKET FORCES IN GENERAL AND WORLD TRADE IN PARTICULAR; AND INSUFFICIENT PREPARATION AGAINST FUTURE NEEDS IN RESPECT OF ENERGY AND POSSIBLY IN OTHER ESSENTIAL COMMODITIES. WHILE THESE DEVELOPMENTS ARE HARMFUL TO THE WELFARE OF ALL COUNTRIES, THE ADVERSE CONSEQUENCES FOR THE DEVELOPMENT PROSPECTS OF THE POORER COUNTRIES ARE OF PARTICULAR CONCERN.

5. MINISTERS RECOGNISED THE COSTS AND DANGERS INHERENT IN THE CONTINUATION OF PRESENT TRENDS:

- THERE ARE INCREASING ECONOMIC AND SOCIAL COSTS

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OF CONTINUING HIGH LEVELS OF UNEMPLOYMENT,
PARTICULARLY AMONG YOUTH AND DISADVANTAGED
GROUPS.

- THERE ARE THE GROWING PRESSURES FOR PROTECTION
AGAINST FOREIGN COMPETITION AND A GROWING RISK
THAT UNILATERAL TRADE AND OTHER CURRENT ACCOUNT
MEASURES COULD TOUCH OFF CHAIN REACTIONS.

- THERE HAS BEEN A TENDENCY FOR SECTORAL,
REGIONAL AND MANPOWER POLICIES TO SHIFT FROM
LONGER-TERM TO SHORT-TERM OBJECTIVES; FROM
BROADLY BASED TO MORE SELECTIVE INTERVENTION;
AND FROM ACTION TO FOSTER ADJUSTMENT TO STRUC-
TURAL CHANGE, TO MEASURES OF A DEFENSIVE
CHARACTER THAT TEND TO PRESERVE THE STATUS QUO,
AND THUS IN IMPORTANT RESPECTS HAVE THE SAME
EFFECTS AS PROTECTIONIST TRADE MEASURES. UNDER
CONDITIONS OF HIGH UNEMPLOYMENT, SOME DOMESTIC
MEASURES TO MAINTAIN EXISTING EMPLOYMENT IN

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IN SECTORS OR COMPANIES IN FINANCIAL DIFFICULTY MAY BE JUSTIFIED IN THE SHORT RUN. BUT THEIR CONTINUATION ON A LARGE SCALE COULD PROGRESSIVELY UNDERMINE THE DYNAMIC PROCESS WHICH UNDERLIES RISING PRODUCTIVITY AND COULD INHIBIT SUSTAINED NON-INFLATIONARY GROWTH.

- RETURNING MIGRANTS AND SERIOUS PAYMENTS DIFFICULTIES HAVE MADE THE TASK OF CREATING SUFFICIENT JOBS IN LESS-INDUSTRIALISED MEMBER COUNTRIES MUCH MORE DIFFICULT, AND THEIR DEVELOPMENT RISKS BEING GRAVELY IMPEDED IF IT TAKES PLACE IN A CLIMATE OF DEPRESSED WORLD TRADE AND GROWING PROTECTIONISM.

6. MINISTERS DISCUSSED THE CONSTRAINTS ON ECONOMIC GROWTH, WHICH A NUMBER OF COUNTRIES HAVE FOUND GREATER THAN ENVISAGED EARLIER. SOME OF THESE ARE INTERNAL TO THE COUNTRIES IN QUESTION: HIGH RATES OF INFLATION, LOW PROFITS, AND THE ADVERSE IMPACT OF LARGE BUDGET DEFICITS ON INFLATIONARY EXPECTATIONS. THERE IS ALSO AN EXTERNAL CONSTRAINT ON COUNTRIES WITH A WEAK BALANCE OF PAYMENTS. TOGETHER, THE PERSISTENCE OF HIGH RATES OF INFLATION AND LARGE INTERNATIONAL PAYMENTS DISEQUILIBRIA HAVE CONTRIBUTED TO A GENERAL LACK OF CONFIDENCE. THIS HAS BEEN SIGNIFICANTLY ENHANCED BY UNCERTAINTIES ABOUT THE FUTURE SUPPLY AND PRICE OF ENERGY, RESULTING IN PART FROM DELAYS IN THE IMPLEMENTATION OF EFFECTIVE ENERGY POLICIES. UNDER THESE CONDITIONS, PRIVATE INVESTMENT HAS NOT RESPONDED AS EXPECTED TO THE STIMULUS PROVIDED TO AGGREGATE DEMAND BY LARGE BUDGET DEFICITS.

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7. MINISTERS RECOGNISED THAT BECAUSE OF THESE CONSTRAINTS IT WILL ONLY BE POSSIBLE TO RESTORE FULL EMPLOYMENT PROGRESSIVELY. THEY REAFFIRMED THE DECISION THEY TOOK IN 1976 NOT TO AIM AT GROWTH RATES SO STEEP AS TO RISK THE RE-EMERGENCE OF BOTTLENECKS AND AN UPSURGE OF INFLATIONARY EXPECTATIONS. AT THE SAME TIME, MINISTERS RECOGNISED THE CLEAR NEED TO STEP UP ECONOMIC GROWTH IN THE OECD AREA AS A WHOLE ABOVE THE RATE EXPERIENCED OVER THE LAST EIGHTEEN MONTHS. THIS CANNOT BE ACHIEVED SIMPLY BY TEMPORARY INJECTIONS OF ADDITIONAL PURCHASING POWER. THE DIFFICULTIES NOW FACING THE WORLD ECONOMY ARE INSEPAR-

ABLE AND CANNOT BE LOOKED AT IN ISOLATION: GROWTH, JOBS, PRICE STABILITY, ADJUSTMENT TO STRUCTURAL CHANGE AND SUFFICIENT ENERGY SUPPLIES ARE ONLY INDIVIDUAL FACETS OF THE PREDICAMENT FACING MEMBER COUNTRIES TODAY. WHAT IS NEEDED IS TO PERSEVERE OVER THE NEXT TWO OR THREE YEARS WITH A COMBINATION OF POLICIES TO ENSURE ADEQUATE DOMESTIC DEMAND AND TO CREATE THE RIGHT ENVIRONMENT FOR SUSTAINABLE GROWTH, WHICH REQUIRES THE MAINTENANCE OF AN OPEN MARKET-ORIENTED ECONOMIC SYSTEM AND A RECOVERY IN PRODUCTIVE INVESTMENT BASED ON IMPROVED PROFITS.

8. A KEY FEATURE OF THE PROGRAMME OF CONCERTED ACTION SET OUT BELOW IS THAT DIFFERENTIATED ACTION ON VARIOUS FRONTS BY EACH MEMBER COUNTRY CAN, TAKEN TOGETHER, EASE

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THE CONSTRAINTS FACING EACH OF THEM INDIVIDUALLY:

- THE CONTINUATION AND, IN SOME CASES, STRENGTHENING OF ANTI-INFLATIONARY POLICIES IN COUNTRIES WITH A POOR PRICE PERFORMANCE WILL HELP TO REDUCE THE RISK THAT FASTER GROWTH IN THE OECD AREA AS A WHOLE SETS OFF A RENEWED BURST OF INFLATION;

- ACTION BY AN IMPORTANT GROUP OF COUNTRIES TO ACHIEVE FASTER GROWTH WILL EASE THE BALANCE-OF-PAYMENTS CONSTRAINTS ON COUNTRIES IN A WEAK EXTERNAL POSITION, AND WILL ENABLE INDIVIDUAL COUNTRIES TO ACHIEVE HIGHER GROWTH RATES WITH SMALLER BUDGET DEFICITS;

- POLICIES TO FACILITATE ADJUSTMENT TO STRUCTURAL CHANGES WILL HELP TO ENSURE THAT RISING DEMAND IS MATCHED BY INCREASED SUPPLY POTENTIAL; AND

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- STRONGER POLICIES TO ENCOURAGE CONSERVATION AND INCREASE PRODUCTION OF ENERGY IN COUNTRIES BEST PLACED TO DO SO WILL IMPROVE CONFIDENCE IN ALL MEMBER COUNTRIES.

9. MINISTERS UNDERLINED THE FACT THAT SUCCESSFUL IMPLEMENTATION OF THIS PROGRAMME DEPENDS NOT ONLY ON GOVERNMENT POLICY, BUT, MORE BASICALLY, ON THE EXTENT TO WHICH ALL CONCERNED PURSUE RESPONSIBLE ATTITUDES TOWARDS THE DETERMINATION OF PRICES AND INCOMES. THEY STRESSED THEIR CONVICTION THAT, WITH THE NECESSARY CO-OPERATION FROM BOTH SIDES OF INDUSTRY, MORE SUSTAINED AND BETTER BALANCED ECONOMIC GROWTH CAN BE SECURED WITH A FURTHER GRADUAL REDUCTION OF INFLATION.

II. A PROGRAMME OF CONCERTED ACTION

10. AGAINST THIS BACKGROUND, MINISTERS HAVE AGREED ON THE FOLLOWING MAJOR COMPONENTS OF A PROGRAMME OF CONCERTED ACTION.

DEMAND MANAGEMENT AND STABILIZATION

11. MINISTERS AGREED ON THE RESPONSIBILITIES OF INDIVIDUAL MEMBER COUNTRIES IN CONTRIBUTING TO FASTER GROWTH, GREATER PRICE STABILITY AND BETTER PAYMENTS EQUILIBRIUM OVER THE NEXT EIGHTEEN MONTHS:

(I) BELGIUM, CANADA, FRANCE, GERMANY, ITALY, JAPAN, SWITZERLAND AND THE UNITED KINGDOM SHOULD ENSURE, BY APPROPRIATE MEASURES AS NECESSARY, THAT THE EXPANSION OF THEIR

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DOMESTIC DEMAND IS SIGNIFICANTLY GREATER THAN IN 1977, AND THE NETHERLANDS SHOULD ENSURE A GROWTH OF DOMESTIC DEMAND SIMILAR TO THE SATISFACTORY RATE ACHIEVED LAST YEAR. EXPANSIONARY ACTION BY COUNTRIES IN THIS GROUP SHOULD BE APPROPRIATELY CALIBRATED AND TIMED IN THE LIGHT OF THEIR INTERNAL AND EXTERNAL CIRCUMSTANCES, AND IN THIS RESPECT A PARTICULAR RESPONSIBILITY LIES WITH COUNTRIES IN A STRONG BALANCE-OF-PAYMENTS POSITION.

(II) ALL OTHER MEMBER COUNTRIES, WHO ARE NOT CURRENTLY IN A POSITION TO TAKE EXPLICIT ACTION TO EXPAND DOMESTIC DEMAND BEYOND WHAT IS NOW IN PROSPECT, SHOULD CONCENTRATE PRIMARILY ON REDUCING INFLATION AND IMPROVING THEIR BALANCE-OF-PAYMENTS POSITION. MOST COUNTRIES IN THIS GROUP CAN ACCEPT THE FASTER GROWTH WHICH CONCERTED ACTION WILL IMPART THROUGH A STRONGER RISE IN THEIR EXPORTS. BUT IN A FEW OF THEM, WHERE ACTIVITY HAS BEEN INCREASING BRISKLY AND DEMAND PRESSURES ARE QUITE STRONG, INCREASED EXPORTS RESULTING FROM CONCERTED ACTION SHOULD BE ACCOMPANIED BY REINFORCED STABILIZATION POLICIES WHICH PREVENT ANY NET ADDITION TO TOTAL DEMAND. IT IS PARTICULARLY IMPORTANT THAT THE RECENT ACCELERATION OF INFLATION IN THE UNITED STATES SHOULD BE REVERSED.

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12. MINISTERS TOOK NOTE OF STUDIES BY THE OECD SECRETARIAT INDICATING THE BROAD MAGNITUDES OF THE ADDITIONS TO DOMESTIC DEMAND IN THE COUNTRIES OF GROUP (I) NEEDED TO ACHIEVE A SIGNIFICANT MOVEMENT OVER THE NEXT EIGHTEEN MONTHS TOWARDS THE GROWTH PATH FOR THE OECD AREA AS A WHOLE ENVISAGED IN THE STRATEGY ADOPTED IN 1976. MINISTERS INDICATED THE POLICIES THEY INTENDED TO PURSUE IN THE FRAMEWORK OF THIS COMPONENT OF THE CONCERTED ACTION PROGRAMME, AND INSTRUCTED THE ECONOMIC POLICY COMMITTEE TO FOLLOW ITS IMPLEMENTATION CLOSELY.

MAINTENANCE OF AN OPEN MARKET-ORIENTED ECONOMIC SYSTEM

13. MINISTERS AGREED THAT FIRM COMMITMENTS TO MAINTAIN AN OPEN MARKET-ORIENTED ECONOMIC SYSTEM, BOTH NATIONALLY AND INTERNATIONALLY, ARE ESSENTIAL TO THE SUCCESS OF THIS PROGRAMME. TO THIS END, MINISTERS:

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(I) REITERATED THEIR COMMITMENT TO AN OPEN MULTILATERAL TRADING SYSTEM AND DECIDED TO RENEW THE DECLARATION TO THIS EFFECT OF MAY 30, 1974, WITH A NEW PREAMBLE WHICH TAKES INTO ACCOUNT DEVELOPMENTS SINCE THEN AND REFLECTS THE SPIRIT IN WHICH THEY INTEND TO PURSUE ITS IMPLEMENTATION (SEE ANNEX).

(II) DECIDED TO ENDORSE THE GENERAL ORIENTATIONS FOR A PROGRESSIVE SHIFT FROM DEFENSIVE TO MORE POSITIVE ADJUSTMENT POLICIES ANNEXED TO THIS COMMUNIQUE, AND INSTRUCTED THE SECRETARY-GENERAL TO MAKE PROPOSALS FOR AN EFFECTIVE FOLLOW-UP TO THIS DECISION.

(III) REAFFIRMED THEIR DETERMINATION TO BRING THE MULTILATERAL TRADE NEGOTIATIONS TO A SUCCESSFUL OUTCOME IN THE NEAR FUTURE.

ENERGY

14. MINISTERS STRESSED THAT STRENGTHENED ENERGY POLICIES FORM AN ESSENTIAL PART OF THE CONCERTED ACTION PROGRAMME. THEY TOOK NOTE OF THE DECISION TAKEN BY THE GOVERNING BOARD OF THE INTERNATIONAL ENERGY AGENCY AT MINISTERIAL LEVEL ON OCTOBER 6, 1977, AND AGREED THAT THE ENERGY POLICIES OUTLINED IN THAT DECISION NEED TO BE PURSUED VIGOROUSLY BY ALL OECD COUNTRIES. WHILE CONSIDERABLE PROGRESS HAS BEEN MADE, MINISTERS UNDERLINED THE FOLLOWING POINTS:

(I) COUNTRIES WHERE ENERGY PRICING IS STILL BELOW WORLD LEVELS SHOULD PAY PARTICULAR ATTENTION TO LIMITED OFFICIAL USE

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PRICING POLICIES SINCE THE PRICE MECHANISM IS THE SINGLE MOST IMPORTANT INSTRUMENT FOR INCREASING EFFICIENCY OF ENERGY USE AND FOR EXPANDING ENERGY SUPPLIES.

(II) MORE SHOULD BE DONE TO REPLACE OIL BY OTHER FORMS OF ENERGY, PARTICULARLY BY EXPANDING COAL USE, BY AVOIDING FURTHER SLIPPAGES IN NUCLEAR PROGRAMMES AND BY DEVELOPING STABLE AND RELIABLE CONDITIONS FOR TRADE IN COAL AND NUCLEAR FUELS AND TECHNOLOGIES. A KEY REQUIREMENT IS THE NEED TO RESOLVE SPEEDILY CONFLICTS WHICH MAY EXIST BETWEEN ENERGY REQUIREMENTS AND IMPORTANT ENVIRONMENTAL, REGIONAL SAFETY AND SECURITY CONCERNS.

(III) FURTHER ACTION IS NECESSARY TO ACHIEVE GREATER ENERGY CONSERVATION, EXPANDED OIL AND GAS EXPLORATION AND DEVELOPMENT, AND DEVELOPMENT OF NEW ENERGY TECHNOLOGIES.

15. GIVEN ITS PREDOMINANT WEIGHT AS BOTH A CONSUMER AND PRODUCER OF ENERGY AND THE COST OF OIL IMPORTS TO ITS BALANCE OF PAYMENTS, IT IS OF DECISIVE

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IMPORTANCE THAT THE UNITED STATES SHOULD ADOPT AN EFFECTIVE ENERGY POLICY ALONG THESE LINES AS SOON AS POSSIBLE, BOTH TO ENSURE A BETTER ENERGY BALANCE IN THE WORLD OVER THE LONGER TERM AND, MORE IMMEDIATELY, TO CREATE CONDITIONS FOR GREATER STABILITY IN EXCHANGE MARKETS. AT THE SAME TIME, OTHER MEMBER COUNTRIES HAVE, IN THE AGGREGATE, AN EQUALLY IMPORTANT QUANTITATIVE CONTRIBUTION TO MAKE, AND MINISTERS AGREED THAT IN MANY OF THESE COUNTRIES ENERGY POLICIES NEED TO BE STRENGTHENED FURTHER.

MONETARY CO-OPERATION

16. IMPLEMENTATION OF POLICIES ALONG THE LINES DESCRIBED ABOVE, PARTICULARLY IF ADOPTED IN THE FRAMEWORK OF A CONCERTED PROGRAMME, WILL NOT ONLY IMPROVE THE PROSPECTS FOR ECONOMIC GROWTH, BUT WILL ALSO HELP TO REDUCE EXISTING PAYMENTS IMBALANCES AND MONETARY INSTABILITY. MINISTERS AGREED THAT MONETARY POLICY HAS AN IMPORTANT ROLE TO PLAY IN THIS RESPECT AND THAT,
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WHILE EXCHANGE RATES MUST BE ALLOWED TO RESPOND TO CHANGES IN UNDER-LYING CONDITIONS, THEIR MONETARY AUTHORITIES WILL CONTINUE TO INTERVENE FIRMLY IN EXCHANGE MARKETS TO COUNTER DISORDERLY CONDITIONS. THE GREATER STABILITY IN FOREIGN EXCHANGE MARKETS RESULTING FROM THE IMPLEMENTATION OF THESE POLICIES WILL, IN TURN, HELP TO IMPROVE CONFIDENCE AND THE ENVIRONMENT FOR SUSTAINED ECONOMIC GROWTH.

III. GLOBAL INTERDEPENDENCE AND RELATIONS WITH

DEVELOPING COUNTRIES

17. MINISTERS REVIEWED RELATIONS WITH DEVELOPING COUNTRIES IN THE PERSPECTIVE NOT ONLY OF DEVELOPMENT COOPERATION BUT ALSO OF THE MANAGEMENT OF GLOBAL INTERDEPENDENCE AND CHANGES IN THE STRUCTURE AND BALANCE OF THE WORLD ECONOMY WHICH ARE IN THE MUTUAL INTERESTS OF THE INDUSTRIAL AND DEVELOPING COUNTRIES ALIKE.

INTERDEPENDENCE, TRADE AND ADJUSTMENT

18. MINISTERS DISCUSSED RECENT CHANGES IN THE PATTERN OF WORLD MANUFACTURING AND TRADE, WITH PARTICULAR REFERENCE TO THE ADVANCES MADE BY NEWLY INDUSTRIALIZING DEVELOPING COUNTRIES. WHILE UNDER CONDITIONS OF SLOWER GROWTH THESE HAVE CREATED ADJUSTMENT PROBLEMS IN A LIMITED NUMBER OF INDUSTRIAL SECTORS, MINISTERS NOTED THAT THERE WAS NO EVIDENCE OF A GLOBAL ACCELERATION IN MARKET PENETRATION OF IMPORTS OF MANUFACTURES FROM DEVELOPING COUNTRIES. MINISTERS AGREED THAT TRADE WITH DEVELOPING COUNTRIES HAS BROUGHT POSITIVE LIMITED OFFICIAL USE

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BENEFITS TO BOTH PARTIES, AND THAT THERE IS A MUTUAL INTEREST IN ENCOURAGING ADJUSTMENT TO CHANGING TRADE PATTERNS RATHER THAN RESISTING THEM.

19. MINISTERS THEREFORE DECLARED THAT OECD COUNTRIES HAVE NO INTENTION OF GOING BACK ON THEIR COMMITMENT TO AN OPEN MULTILATERAL TRADING SYSTEM ON A WORLD-WIDE BASIS AND ARE READY TO ADJUST TO CHANGES IN THE PATTERN OF WORLD PRODUCTION AND TRADE. RENEWAL OF THE TRADE PLEDGE, ENDORSEMENT OF THE NEED FOR MORE POSITIVE ADJUSTMENT POLICIES, AND A SUCCESSFUL OUTCOME TO THE MULTILATERAL TRADE NEGOTIATIONS WILL CONTRIBUTE TO THIS END.

20. AT THE SAME TIME, MINISTERS NOTED THE ADVANTAGES WHICH WOULD FOLLOW TO THE WORLD ECONOMY IN GENERAL, INCLUDING TO OTHER DEVELOPING COUNTRIES, IF DEVELOPING COUNTRIES WITH STRONGER ECONOMIES WOULD GRADUALLY

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ASSUME POLICY ORIENTATIONS COMMENSURATE WITH THEIR
LEVELS OF DEVELOPMENT AND BALANCE-OF-PAYMENTS POSITION.

ENCOURAGING STRUCTURAL CHANGE THROUGH INCREASED
INVESTMENT IN KEY SECTORS

21. MINISTERS NOTED THAT SUSTAINED AND MORE BALANCED
WORLD ECONOMIC GROWTH WOULD REQUIRE INVESTMENTS ON A
SCALE LARGER THAN IS AT PRESENT OCCURRING, ESPECIALLY
IN SECTORS SUCH AS ENERGY, FOOD PRODUCTION, CERTAIN
INDUSTRIAL RAW MATERIALS AND RELATED INFRASTRUCTURE.
MEASURES TO STIMULATE SUCH INVESTMENTS IN SECTORS
WHERE THE MARKET RESPONSE IN TERMS OF TOTAL FLOWS,
SECTORAL BALANCE AND SUSTAINABILITY OF MATURITY
STRUCTURE HAS BEEN INADEQUATE, WOULD BE IN THE
MUTUAL INTEREST OF BOTH INDUSTRIAL AND DEVELOPING
COUNTRIES. MINISTERS THEREFORE INSTRUCTED THE
ORGANIZATION TO EXAMINE THE POSSIBILITIES FOR
EVOLVING MORE COMPREHENSIVE MEASURES FOR INCREASED
INVESTMENT FLOWS IN SUCH SECTORS. THESE WOULD BUILD
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ON EXISTING INSTITUTIONAL MECHANISMS AND INCLUDE
MEASURES TO INCREASE THE LENDING CAPACITY OF INTER-

NATIONAL AND NATIONAL DEVELOPMENT INSTITUTIONS AND TO ENCOURAGE PRIVATE FLOWS, AS PART OF REINFORCING BROAD OBJECTIVES IN WORLD ECONOMIC COOPERATION AND DEVELOPMENT.

DEVELOPMENT COOPERATION

22. MINISTERS AGREED ON THE NEED FOR AN EVOLVING APPROACH TO DEVELOPMENT COOPERATION, WHICH GOES CLEARLY BEYOND THE STRICT NEEDS OF INTERDEPENDENCE, TO HELP DEVELOPING COUNTRIES TO STRENGTHEN AND DIVERSIFY THEIR ECONOMIES, TO SECURE DECENT CONDITIONS OF LIFE FOR THEIR PEOPLE, AND TO PARTICIPATE AS MORE EQUAL PARTNERS WITHIN THE WORLD ECONOMY. THEY NOTED THE DISAPPOINTING RECENT AID RECORD AS A WHOLE, AND THE GROWING DISPARITY OF AID EFFORT AMONG DAC MEMBERS. MINISTERS THEREFORE WELCOMED THE STATEMENTS BY A NUMBER OF DONORS ON PLANS FOR EXPANDING THEIR AID ALLOCATIONS. MINISTERS OF OECD COUNTRIES, DONORS OF AID, REAFFIRMED THE INTENTION AS EXPRESSED BY THEIR COUNTRIES IN DIFFERENT FORA TO INCREASE EFFECTIVELY AND SUBSTANTIALLY THEIR OFFICIAL DEVELOPMENT ASSISTANCE AND TO ACHIEVE AN IMPROVED BALANCE OF THEIR EFFORTS IN THIS REGARD. THEY AGREED TO EXAMINE, IN COOPERATION WITH DEVELOPING COUNTRIES, HOW TO REDUCE ADMINISTRATIVE BOTTLENECKS HOLDING BACK THE FLOW OF AID, AND STEP UP COLLABORATIVE EFFORTS TO HELP ENSURE THAT THE BASIC NEEDS OF THE WORLD'S POOR ARE MET.

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23. THE UNITED STATES DELEGATION HAS PROPOSED THE FOLLOWING PARAGRAPH FOR INCLUSION IN THE COMMUNIQUE:

"MINISTERS ANNOUNCED THEIR ACCORD ON BASIC ELEMENTS OF A TREATY TO PREVENT ILLICIT PAYMENTS IN CONNECTION WITH INTERNATIONAL COMMERCIAL TRANSACTIONS, AND EXPRESSED THEIR HOPE THAT THE TREATY BEING DRAFTED IN THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL COULD BE CONCLUDED AS SOON AS POSSIBLE. THEY AGREED TO SUPPORT A RESOLUTION BY THE ECONOMIC AND SOCIAL COUNCIL TO CONVENE A CONFERENCE OF PLENIPOTENTIARIES IN 1979 TO CONCLUDE A TREATY ON ILLICIT PAYMENTS."
SALZMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, MINISTERIAL MEETINGS, COMMUNIQUE
Control Number: n/a
Copy: SINGLE
Draft Date: 06 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS18011
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780247-0075
Format: TEL
From: PARIS USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780691/aaaadaqk.tel
Line Count: 708
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 83076e91-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2476185
Secure: OPEN
Status: NATIVE
Subject: OECD MINISTERIAL: DRAFT COMMUNIQUE QUOTED BELOW IS THE TEXT OF THE DRAFT COMMUNIQUE FOR THE JUNE 14-15
OECD MINISTERIAL MEETING. THIS WILL NOW
TAGS: ECON, OECD
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/83076e91-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014